

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

0 1 - 0 0 3

2. STATE:

Rhode Island

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

February 1, 2001

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

Section 1923 of the Social Security Act

7. FEDERAL BUDGET IMPACT:

a. FFY 2001 \$ (1,860,389)

b. FFY 2002 \$ (1,816,112)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Supplement 1 to Attachment 4-19A, pp. 2-4

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

Supplement 1 to Attachment 4-19A, pp. 2-4

10. SUBJECT OF AMENDMENT:

Disproportionate Share Hospital Policy

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

See Attached Letter

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Christine C. Ferguson

14. TITLE:

Director

15. DATE SUBMITTED:

12/22/00

16. RETURN TO:

Dorothy Karolyshyn
Department of Human Services
600 New London Avenue
Cranston, RI 02920

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

12-27-00

18. DATE APPROVED:

2-7-01

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

2-1-01

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

ARA, DMSG HCFA

23. REMARKS:

OFFICIAL

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE OF RHODE ISLAND
Disproportionate Share Hospital Policy

Disproportionate Share Hospitals

I. Criteria

For purposes of complying with Section 1923 of The Act, the Department of Human Services, the designated Single State Agency for the Title XIX Medical Assistance Program, will determine which hospitals can be deemed eligible for a disproportionate share payment adjustment.

1. Rhode Island defines disproportionate share hospitals as those licensed hospitals within the State of Rhode Island providing inpatient and outpatient services meeting the following criteria:
 - A. A Medical Assistance inpatient utilization rate at least one (1) standard deviation above the mean medical assistance inpatient utilization rate for hospitals receiving medical assistance payments in the State; or
 - B. A low-income inpatient utilization rate exceeding twenty five (25) percent (however in no event shall the Medical Assistance inpatient utilization rate be less than one (1) percent; or
 - C. A Medical Assistance inpatient utilization rate of not less than one (1) percent, and
 - D. The hospital has at least two (2) obstetricians with staff privileges at the hospital who have agreed to provide obstetric services to individuals entitled to such services under the Rhode Island Medical Assistance Program. This requirement does not apply to a hospital where: a) the inpatients are predominately individuals under eighteen (18) years of age; or b) does not offer non-emergency obstetrical services as of 12/22/87.

II. Definitions

1. Medical Assistance inpatient utilization rate means, for a hospital, a fraction (expressed as a percentage), the numerator of which is the hospital's number of inpatient days attributable to patients who (for such days) were eligible for Rhode Island Medical Assistance Program in a period (regardless of whether the services were furnished on a fee-for-service basis or through a managed care entity), and the denominator of which is the total number of the hospital's inpatient days in that period.

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2. Low income utilization rate means, for a hospital, the sum of--

- A. A fraction (expressed as a percentage), the numerator of which is the sum (for a period) of the total medical assistance revenues paid the hospital for patient services (regardless of whether the services were furnished on a fee-for-service basis or through a managed care entity), and the amount of the cash subsidies for patient services received directly from State and local governments, and the denominator of which is the total amount of revenues of the hospital for patient services (including the amount of such cash subsidies) in the period; and
- B. A fraction (expressed as a percentage), the numerator of which is the total amount of the hospital's charge for inpatient hospital services which are attributable to charity care in a period, less the portion of any cash subsidies described in subparagraph (A) in the period reasonable attributable to inpatient hospital services, and the denominator of which is the total amount of the hospital's charges for inpatient hospital services in the hospital in the period.

The numerator under subparagraph (B) shall not include contractual allowances and discounts (other than for indigent patients not eligible for medical assistance).

III. Payment Adjustment

- 1. For Federal fiscal year 2001, and for federal fiscal years thereafter, the State shall make payment on or after October 1st to each qualifying facility in accordance with the following formula:
 - A. For all licensed hospitals within the State of Rhode Island that meet or exceed the criteria set forth in section 1923(b) of the Social Security Act, \$1,000 plus the proportional share of \$200,000 inflated each year by the maximum percent increase allowed in the Maxicap System for Statewide Expense Reimbursement for Rhode Island hospitals. That sum shall be distributed among the qualifying facilities in the direct proportion that the utilization rate in each facility exceeds 25 percent.

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- B. For state operated hospitals which exceed the Medical Assistance inpatient utilization rate by more than one standard deviation, there shall be an additional payment of \$10,000 plus the proportional share of \$9,000,000 inflated each year (by the maximum percent increase allowed in the Maxicap System for Statewide Expense Reimbursement for Rhode Island hospitals). That sum shall be distributed among the qualifying facilities in the direct proportion of the weighted average yielded by the multiplication of the percentage points that the medical assistance utilization rate exceeds one standard deviation unit above the mean, times the total dollars expended for medical assistance care.
- C. For women and infant speciality hospitals licensed within the State of Rhode Island (i.e., hospitals with more than 5,000 births annually and a neo-natal intensive care unit) which exceed the Medical Assistance in-patient utilization rate by more than one standard deviation unit or whose low income utilization exceeds 25%, \$1,000 plus the proportional share of the \$1.7 million inflated each year by the maximum percent allowed in the Maxicap System for Statewide Expense Reimbursement for Rhode Island hospitals. That sum shall be distributed among the qualifying facilities in direct proportion of the weighted average yielded by the multiplication of the percentage points that the low income utilization rate exceeds 25% times the total dollars expended for low income care
- D. For non-government hospitals licensed within the State of Rhode Island, whose Medicaid inpatient utilization rate exceed 1%, there shall be an additional payment not to exceed \$71 million to compensate hospitals for uncompensated care (as defined below) and shall be paid in an amount equal to the lesser of the hospital's uncompensated care for the hospital's fiscal year or 5.75% of net patient services revenue. Net patient services revenue is defined as the dollar amount of all chargeable services in the hospital's fiscal year specified in Section F, minus the sum of charity care charges, bad debt expenses, and contractual allowances for that fiscal year.
- E. Women and infant specialty hospitals which qualify shall be paid only in accordance with sections A, C and D. Psychiatric hospitals which qualify shall be paid only in accordance with A. State hospitals which qualify shall be paid only in accordance with sections A and B.

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